



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: GSC Revised Uniform Athlete Agents Act.
Bill Number: House Bill 125 (First Edition)
Sponsor(s): Representatives Davis, Hardister, Howard, and Reives (Primary Sponsors)

SUMMARY TABLE

	FISCAL IMPACT OF H.B.125, V.1				
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	515,445	481,624	491,731	502,217	516,988
General Fund Impact	(515,445)	(481,624)	(491,731)	(502,217)	(516,988)
NET STATE IMPACT	(515,445)	(481,624)	(491,731)	(502,217)	(516,988)
STATE POSITIONS	4.00	4.00	4.00	4.00	4.00

FISCAL IMPACT SUMMARY

This bill makes a number of changes to the Uniform Athlete Agents Act and expands the responsibilities of the Department of the Secretary of State in this area. In order to perform its responsibilities related to this Act, the Secretary of State estimates that four new positions will need to be created. The estimated cost of establishing those positions is \$535,445 in the first year this bill is enacted.

FISCAL ANALYSIS

This bill expands the authority and responsibilities for the Department of the Secretary of State in relation to regulating and overseeing athlete agents. There are two main functions the agency oversees: 1) registration of athlete agents and 2) enforcement of laws governing athlete agents.

- 1) Registration: The bill expands the required information that the Department of the Secretary of State must collect from athlete agents. Because the agency already collects some information, there is existing information technology infrastructure in place that can be updated to conform with the law with a negligible cost impact to the agency.
- 2) Enforcement: There are currently no staff dedicated to overseeing athlete agents. The agency estimates that four new positions will need to be created. The cost for these positions in the first year is as follows:

Position	Salary & Benefits (recurring)	Start-Up Expenses (nonrecurring)	Operating Expenses (recurring)	TOTAL
Sworn Financial Investigator	\$90,753	\$24,750	\$39,082	\$154,585
Sworn Financial Investigator	\$90,753	\$24,750	\$39,082	\$154,585
Non-Sworn Financial Investigator	\$66,744	\$2,250	\$11,000	\$79,994
Attorney III	\$113,031	\$2,250	\$11,000	\$126,281
TOTAL	\$361,281	\$54,000	\$100,164	\$515,445

Below are descriptions of the positions and costs by category.

Position Salary and Benefits (Recurring)

1. Sworn Financial Investigators (2.0 FTE):

The two sworn financial investigators’ duties will involve conducting criminal investigations regarding potential violations of the Act. This includes conducting interviews, drafting and serving subpoenas, executing search warrants for records and physical locations, making arrests, coordinating investigations with State and Federal investigators and prosecutors, conducting financial analyses, and testifying at trial.

These positions are both classified as GN13 and funded at the end of first quartile rate, per the Office of State Human Resources 2018 salary schedule. These positions are funded at a higher level than the Non-Sworn Financial Investigator due to increased responsibilities associated with their sworn law-enforcement status. The salary amount is \$64,519 per position; the salary plus benefits total is \$90,753 per position.

2. Non-Sworn Financial Investigator (1.0 FTE):

The non-sworn financial investigator’s duties will include receiving and reviewing applications, communicating with applicants regarding the filing process, and assisting the sworn investigators and attorney as needed.

The positions is classified as a GN13 and funded at the minimum rate, per the Office of State Human Resources 2018 salary schedule, as this position will have fewer duties in comparison to the sworn investigators. The salary amount is \$48,051; the salary plus benefits total is \$66,744.

3. Attorney III (1.0 FTE):

The attorney will be required to work with the three financial investigators related to their regulatory and law enforcement roles. The attorney may also be required to serve as the special prosecutor in criminal proceedings as needed, as well as initiating administrative proceedings for violations of the Act and assisting with the rule making process as required per the law.

The position is classified as an AT05 and funded at the minimum rate, per the Office of State Human Resources 2018 salary schedule. The salary amount is \$84,728; the salary plus benefits is \$113,031.

Start-Up Expenses (Nonrecurring)

Below are the nonrecurring expenses related to the start-up for a new position:

- Furniture	\$750
- Computer hardware and equipment	\$1,000
- Office Equipment	\$500
- Sworn investigator equipment	\$2,500
- <u>Sworn investigator car</u>	<u>\$20,000</u>
- Total per non-sworn FTE	\$2,250
- Total per sworn FTE	\$24,750

The two sworn financial investigators will need to be outfitted with special equipment, including weapons, gear, and safety supplies, which will cost \$2,500 per position. The two sworn investigators will also require cars from the Motor Fleet Division for travel and investigative purposes. The cost per car to begin participation with the Motor Fleet is approximately \$20,000.

Operating Expenses (Recurring)

The following are the recurring annual expenses are associated with all four new positions:

- Telephone and cell phone	\$650
- Maintenance agreements, technology licenses	\$2,660
- Supplies	\$1,000
- Travel (per non-sworn FTE)	\$6,690
- Motor fleet fee (per sworn FTE)	\$7,920
- <u>Travel (per sworn FTE)</u>	<u>\$26,852</u>
- Total per non-sworn FTE	\$11,000
- Total per sworn FTE	\$39,082

Travel for the sworn investigator positions is expected to include both in-state and out-of-state travel. This estimated amount of \$26,852 per each sworn investigator includes funding for air travel expenses, as well as subsistence. The travel budget is lower for the non-sworn investigator and attorney due to fewer overall trips and no anticipated out-of-state trips.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

SECRETARY OF STATE, OFFICE OF STATE HUMAN RESOURCES

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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